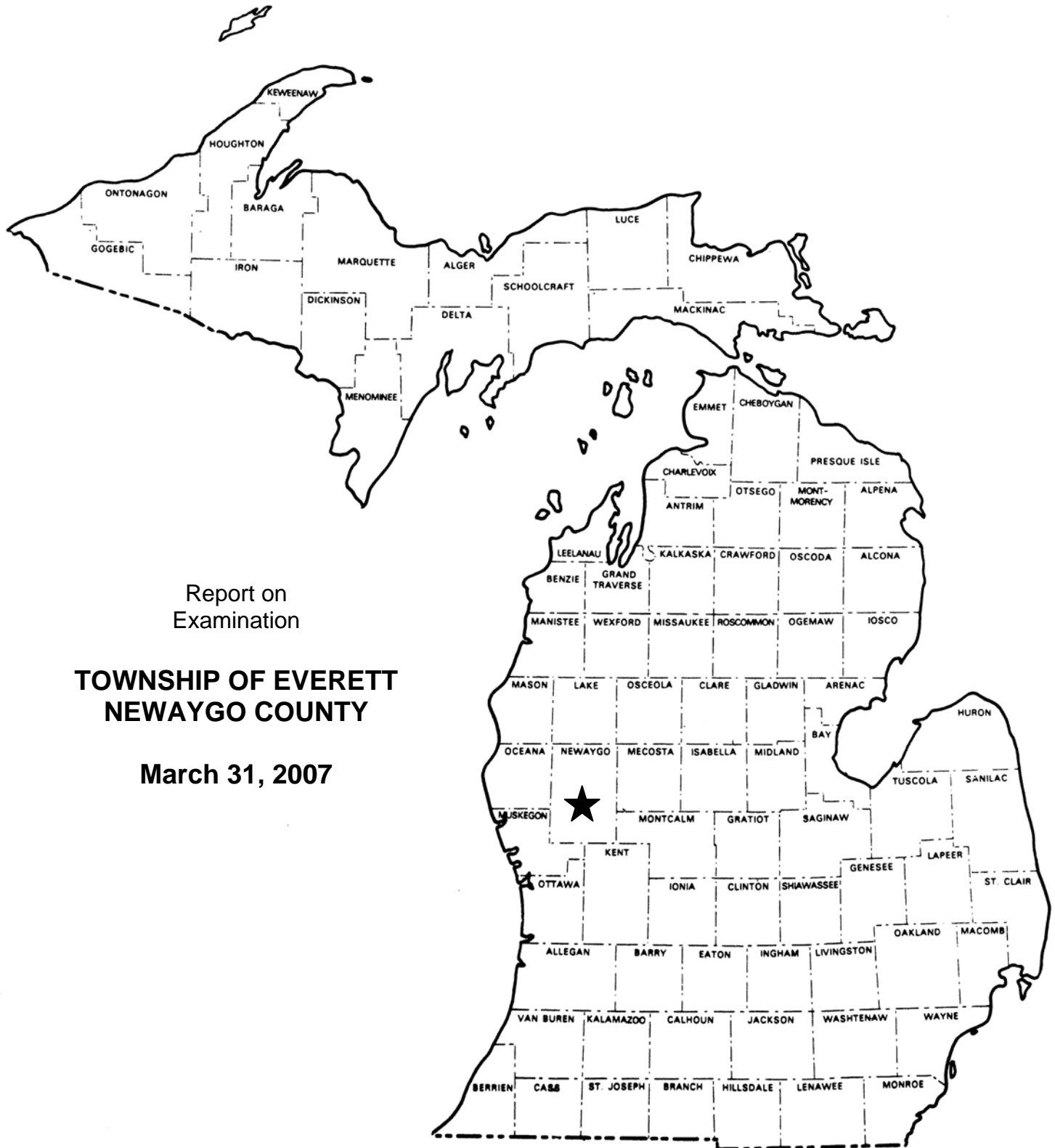


**STATE OF MICHIGAN**  
JENNIFER M. GRANHOLM, Governor  
**DEPARTMENT OF TREASURY**



Report on  
Examination  
**TOWNSHIP OF EVERETT**  
**NEWAYGO COUNTY**

**March 31, 2007**

TOWNSHIP OF EVERETT  
NEWAYGO COUNTY

BOARD MEMBERS

Georgia Burns  
Supervisor

Donald Clary  
Trustee

Gloria Reyes  
Trustee

Margie Green  
Clerk

Janice Parrish  
Treasurer

TOWNSHIP POPULATION--2000  
1,985

STATE EQUALIZED VALUATION--2006  
\$61,914,500



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

September 13, 2007

Township Board  
Township of Everett  
P.O. Box 979  
White Cloud, Michigan 49349

Independent Auditor's Report

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Everett Township, Newaygo County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Everett Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Everett Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Everett Township, as of March 31, 2007 for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2007, on our consideration of the Everett Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 4 and the budgetary comparison information in Exhibits G through J are not part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Everett Township's basic financial statements. The accompanying supplementary and related information presented as Exhibits K through P are for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

EVERETT TOWNSHIP--NEWAYGO COUNTY

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EVERETT TOWNSHIP--NEWAYGO COUNTY

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**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township, as a whole, and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

The Township's net assets for the governmental funds increased approximately 4% or \$23,500 from \$613,073 to \$636,573 for the year end March 31, 2007. The reason for the increase was due to positive actions taken by the board to cut costs. The investment in capital assets-net of related debt decreased by \$7,355, due to depreciation expense and lost on the disposal of asset. The unrestricted net assets decreased by \$46,488 and restricted net assets increased by \$77,343 during 2007. Reasons for the decrease in the unrestricted net assets were due to the establishment of a planning commission. The restricted net assets grew primarily due to funds being set aside for future road projects.

In a condensed format, the table below shows a comparison of the net assets as of March 31, 2007 to the prior year March 31, 2005.

	<u>Governmental Activities</u> <u>2005</u>	<u>Governmental Activities</u> <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Current Assets	\$ 485,871	\$ 485,797	\$ (74)	0%
Noncurrent Assets	<u>174,270</u>	<u>166,915</u>	<u>(7,355)</u>	<u>-4%</u>
Total Assets	<u>660,141</u>	<u>652,712</u>	<u>(7,429)</u>	<u>-1%</u>
Total Liabilities	<u>47,068</u>	<u>16,139</u>	<u>(30,929)</u>	<u>-66%</u>
Net Assets				
Invested in Capital Assets				
Net of Debt	174,270	166,915	(7,355)	-4%
Restricted	234,716	312,059	77,343	33%
Unrestricted (Deficit)	<u>204,087</u>	<u>157,599</u>	<u>(46,488)</u>	<u>-23%</u>
Total Net Assets	<u><u>\$ 613,073</u></u>	<u><u>\$ 636,573</u></u>	<u><u>\$ 23,500</u></u>	<u><u>4%</u></u>

**EVERETT TOWNSHIP--NEWAYGO COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charges or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specified purpose stipulated in the legislation. All assets as such (except for assets invested in capital assets-net or related debt) are considered restricted.

The following table shows the changes of the net assets as of the current year to the prior year:

	<u>Governmental Activities 2005</u>	<u>Governmental Activities 2007</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 23,557	\$ 20,966	\$ (2,591)	-11%
Operating Grants and Contributions	53,771	7,347	(46,424)	-86%
General Revenues				
Property Taxes	192,362	211,204	18,842	10%
State-Shared Revenues	155,837	149,644	(6,193)	-4%
Unrestricted Investment Earnings	2,375	3,845	1,470	62%
Other Revenue	<u>37</u>	<u>(2,085)</u>	<u>(2,122)</u>	<u>-5735%</u>
Total Revenues	<u>427,939</u>	<u>390,921</u>	<u>(37,018)</u>	<u>-9%</u>
Program Expenses				
General Government	106,606	117,730	11,124	-10%
Public Safety	53,421	57,193	3,772	-7%
Public Works	72,508	50,613	(21,895)	30%
Community and Economic Development	18,874	39,087	20,213	-107%
Health and Welfare		2,000	2,000	-100%
Recreation and Culture	5,359	5,297	(62)	1%
Other	12,523	16,330	3,807	-30%
Depreciation--Unallocated			-	
Interest on Long-Term Debt			-	
Total Expenses	<u>269,291</u>	<u>288,250</u>	<u>18,959</u>	<u>7%</u>
Change in Net Assets	<u><u>\$ 158,648</u></u>	<u><u>\$ 102,671</u></u>	<u><u>\$ (55,977)</u></u>	<u><u>-35%</u></u>

The Township had a donation of land in 2005 which helped to increase revenues in 2005.



**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities**

Total governmental revenues decreased by \$30,943 which was primarily due to a decrease in donations and an increase in property values. Expenditures decreased by \$33,120 primarily due to no significant road projects being completed.

	Governmental Funds 2005	Governmental Funds 2007	Difference	Percent
Revenues				
Taxes and Penalties	\$ 192,362	\$ 211,204	\$ 18,842	10%
Licenses and Permits	175	415	240	137%
State Grants	158,499	152,558	(5,941)	-4%
Charges for Services	20,430	14,551	(5,879)	-29%
Interest and Rentals	5,327	9,845	4,518	85%
Other Revenue	51,146	8,423	(42,723)	-84%
Total Revenues	427,939	396,996	(30,943)	-7%
Program Expenses				
General Government	99,581	111,389	11,808	12%
Public Safety	53,421	57,193	3,772	7%
Public Works	72,082	50,180	(21,902)	-30%
Community and Economic Development	18,874	39,087	20,213	107%
Health and Welfare		2,000	2,000	100%
Recreation and Culture	5,318	4,716	(602)	-11%
Other	12,523	16,330	3,807	30%
Capital Outlay	54,152	1,936	(52,216)	-96%
Total Expenses	315,951	282,831	(33,120)	-10%
Change in Fund Balance	\$ 111,988	\$ 114,165	\$ 2,177	2%

**The Township's Funds**

Our analysis of the Township's major funds is listed in the audit report, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, Municipal Streets, Fire Fund, and the Parks and Recreation Fund.

The General Fund pays for most of the Township's governmental services. The most significant are for general government and public safety activities, which incurred expenses of approximately \$111,389 and \$57,193, respectively in 2007. These services are supported by the operating millage and State-shared revenues. The other significant services are public works and public safety which are supported primarily by extra voted millages and are included in the Municipal Street Fund and Fire Fund.

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

The Township Board amended the budget to take into account events occurring during the year, primarily the cutting of expenses across all departments and related budgets to try and provide a surplus for the Township this year. As State-shared revenues continue to decrease, the Township has continued to reduce expenditures.

**Capital Asset and Debt Administration**

At the year end March 31, 2007, the Township had \$166,915 invested in a broad range of capital assets, including buildings, office equipment, land, furniture and fixtures. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Newaygo County Road Commission (along with the responsibility to maintain them).

**Economic Factors and Next Year's Budgets and Rates**

In the upcoming year, the Township is not expecting any significant projects that will create a need to change the budget from the previous year. The Township will again be closely monitoring its budget as revenues will remain relatively the same as the Township continues to try and cut expenses.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Office at 1516 East 8<sup>th</sup> Street, P.O. Box 979, White Cloud, Michigan 49349.

**EVERETT TOWNSHIP--NEWAYGO COUNTY  
GOVERNMENT-WIDE STATEMENT  
OF NET ASSETS  
March 31, 2007**

**EXHIBIT A**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets	
Cash and Cash Equivalents	\$ 407,858
Receivables	
Taxes--Delinquent	36,652
Accounts	856
Interest	51
Due From Other Governmental Units	11,939
Due From State	23,269
Prepaid Expenses	<u>5,172</u>
Total Current Assets	<u>485,797</u>
Noncurrent Assets	
Capital Assets--Net of Accumulated Depreciation	<u>166,915</u>
Total Noncurrent Assets	<u>166,915</u>
Total Assets	<u><u>\$ 652,712</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
Current Liabilities	
Accounts Payable	\$ 2,774
Due to Other Townships	1,639
Due to Other Units of Government	9,845
Accrued Liabilities	<u>1,881</u>
Total Current Liabilities	<u>16,139</u>
Total Noncurrent Liabilities	<u>-</u>
Total Liabilities	<u>16,139</u>
Net Assets	
Investment in Capital Assets	166,915
Restricted for	
Municipal Street	249,078
Fire	-
Parks and Recreation	51,358
Nonmajor Special Revenue	11,623
Unrestricted	<u>157,599</u>
Total Net Assets	<u><u>\$ 636,573</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**EXHIBIT B**

**The Notes to Financial Statements are an integral part of this statement.**

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2007**

**EXHIBIT C**

	General	Municipal Street	Fire	Parks and Recreation	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and Cash Equivalents	\$114,897	\$ 229,387		\$ 51,828	\$11,746	\$ 407,858
Receivables						
Taxes--Delinquent	5,477	19,691	\$ 9,845		1,639	36,652
Accounts	856					856
Interest Receivable	51					51
Due From Other Funds	-					-
Due From State	23,269					23,269
Due From Other Units of Government	11,939					11,939
Prepaid Expenses	4,731				441	5,172
Total Assets	<u>\$161,220</u>	<u>\$ 249,078</u>	<u>\$ 9,845</u>	<u>\$ 51,828</u>	<u>\$13,826</u>	<u>\$ 485,797</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>						
Liabilities						
Accounts Payable	\$ 2,202			\$ 352	\$ 220	\$ 2,774
Due to Other Funds						-
Due to Other Townships					1,639	1,639
Due to Other Units of Government			\$ 9,845			9,845
Accrued Liabilities	1,419			118	344	1,881
Total Liabilities	<u>3,621</u>	<u>\$ -</u>	<u>9,845</u>	<u>470</u>	<u>2,203</u>	<u>16,139</u>
Fund Balances						
Unreserved--Undesignated	157,599	249,078	-	51,358	11,623	469,658
Total Fund Balance	<u>157,599</u>	<u>249,078</u>	<u>-</u>	<u>51,358</u>	<u>11,623</u>	<u>469,658</u>
Total Liabilities and Fund Balance	<u>\$161,220</u>	<u>\$ 249,078</u>	<u>\$ 9,845</u>	<u>\$ 51,828</u>	<u>\$13,826</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	<u>166,915</u>
Net Assets of Governmental Activities	<u>\$ 636,573</u>

**The Notes to Financial Statements are an integral part of this statement.**

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2007**

**EXHIBIT D**

	General	Municipal Street	Fire	Parks and Recreation	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes and Penalties	\$ 32,524	\$ 112,838	\$ 56,443		\$ 9,399	\$ 211,204
Licenses and Permits	415					415
State Grants	149,644	2,914				152,558
Charges for Services	2,230			\$ 260	12,061	14,551
Interest and Rentals	9,845					9,845
Other Revenue	3,990			4,433		8,423
<b>Total Revenues</b>	<b>198,648</b>	<b>115,752</b>	<b>56,443</b>	<b>4,693</b>	<b>21,460</b>	<b>396,996</b>
<b>Expenditures</b>						
Current						
General Government	101,990				9,399	111,389
Public Safety	750		56,443			57,193
Public Works	348	25,898			23,934	50,180
Health and Welfare	2,000					2,000
Community and Economic Development	39,087					39,087
Recreation and Cultural				4,716		4,716
Other	16,330					16,330
Capital Outlay	1,371			565	-	1,936
<b>Total Expenditures</b>	<b>161,876</b>	<b>25,898</b>	<b>56,443</b>	<b>5,281</b>	<b>33,333</b>	<b>282,831</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>36,772</b>	<b>89,854</b>	<b>-</b>	<b>(588)</b>	<b>(11,873)</b>	<b>114,165</b>
<b>Other Financing Sources (Uses)</b>						
Interfund Transfers In		25,860		-	10,000	35,860
Interfund Transfers (Out)	(35,860)					(35,860)
<b>Total Other Financing Sources (Uses)</b>	<b>(35,860)</b>	<b>25,860</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>912</b>	<b>115,714</b>	<b>-</b>	<b>(588)</b>	<b>(1,873)</b>	<b>114,165</b>
<b>Fund Balance--April 1, 2006</b>	<b>156,687</b>	<b>133,364</b>	<b>-</b>	<b>51,946</b>	<b>13,496</b>	<b>355,493</b>
<b>Fund Balance--March 31, 2007</b>	<b>\$157,599</b>	<b>\$249,078</b>	<b>\$ -</b>	<b>\$ 51,358</b>	<b>\$ 11,623</b>	<b>\$ 469,658</b>
<b>Excess of Revenue over Other Sources Over (Under) Expenditures and Other Uses</b>						<b>\$ 114,165</b>
Amounts reported for governmental activities in the Statement of Activities are different because:						
Governmental funds report capital outlays as expenditures in the Statement of Activities,						
sales or disposals of capital assets are recorded as general revenue in the Statement of Activities,						
and the costs of capital assets are allocated over their estimated useful lives as depreciation.						(11,494)
<b>Change in Net Assets of Governmental Activities</b>						<b>\$ 102,671</b>

**The Notes to Financial Statements are an integral part of this statement.**

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**March 31, 2007**

**EXHIBIT E**

	<u>Agency Funds</u>	<u>Pension Trust Fund</u>
<b><u>ASSETS</u></b>		
Cash	<u>\$ 559</u>	<u>\$ 48,449</u>
Total Assets	<u><u>\$ 559</u></u>	<u>48,449</u>
<b><u>LIABILITIES</u></b>		
Liabilities		
Due to State of Michigan	<u>\$ 559</u>	
Total Liabilities	<u><u>\$ 559</u></u>	<u>-</u>
<b><u>NET ASSETS</u></b>		
Held in Trust for Pension Benefits		<u><u>\$ 48,449</u></u>

**The Notes to the Financial Statements are an integral part of this statement.**

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Year Ended March 31, 2007**

**EXHIBIT F**

	Pension Trust Fund
<b><u>ADDITIONS</u></b>	
Contributions	
Employer	<u>\$ 11,501</u>
Total Contributions	<u>11,501</u>
Investment Income	
Interest	<u>1,319</u>
Total Investment Income	<u>1,319</u>
Total Additions	<u>12,820</u>
<b><u>DEDUCTIONS</u></b>	
Deductions	
Benefit Payments	
Administrative Expenses	(211)
Other Deductions	<u></u>
Total Deductions	<u>(211)</u>
Change in Net Assets	12,609
Net Assets--Beginning of the Year	<u>35,840</u>
Net Assets--End of the Year	<u><u>\$ 48,449</u></u>

**The Notes to the Financial Statements are an integral part of this statement.**



## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Everett Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Everett Township:

#### REPORTING ENTITY

In 1856, Everett Township was created as a general law township. The township is located in south central Newaygo County, Michigan, and provides services to approximately 2,000 residents in many areas including fire protection, community enrichment and development, and human services. The township is governed by a five (5) member board elected by the citizens of Everett Township. The township board consists of the supervisor, clerk, treasurer and two trustees whom reside in the community.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," these financial statements present the township. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the township.

The following entities are not included in the township's financial statements, but do represent an ongoing financial interest or responsibility:

#### JOINT VENTURES

White Cloud Area Fire Department--Everett Township, in conjunction with four other local units of government (Sherman Township, Wilcox Township, Lincoln Township, and the City of White Cloud) have entered into an agreement to create the White Cloud Area Fire Department to provide fire protection services. The joint fire administrative board is composed of 11 members, of whom each unit appoints two (2) members and the one additional "at-large" member is selected by a majority of the other members. The joint fire administrative board prepares an annual operating budget, which is approved by a simple majority and submitted to the participating municipalities for appropriation. If there is a deficit and the budget stabilization fund is exhausted, each participating municipality will be requested to make an additional voluntary contribution to make up the deficit. Everett Township's financial responsibility is to contribute on an annual basis, a sum equal to 1.462 mills of the aggregate taxable value of real and personal property. For the year ended, the township's contribution was \$56,443. A separate audit is conducted on the White Cloud Area Fire Department.

Financial statements can be obtained by writing to White Cloud Area Fire Department, 1020 Wilcox Ave. PO Box 911, White Cloud, Michigan 49349.

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Chain of Lakes Area Utility Authority (COLA)--The City of Newaygo and Newaygo County assisted Everett Township, Brooks Township, and Garfield Township in the establishment of the Chain of Lakes Area Utility. Everett Township, Brooks Township, Garfield Township has entered into an agreement in 2002 to establish the Chain of Lakes Area Utility Authority to provide sewer services for the residents living in the Chain of Lakes area. The joint authority's board consists of seven (7) members of whom each township appoints two (2) members and the county drain commissioner serves as a trustee. Newaygo County has issued a 20-year bond in the amount of \$6,915,000 to pay costs of acquiring and constructing the sewer facilities. The bonds are to be repaid by the authority based on contributions made from each of the townships. The contributions are based on the percentage of service provided in each township and are prorated as follows:

Brooks Township -- 30.57%  
Everett Township -- 11.51%  
Garfield Township -- 57.92%.

Everett Township has levied a special assessment in the amount of \$636,800 divided into 20 equal annual installments over 20 years to pay for its portion of the project. The sewer authority will collect sewer fees from the residents it serves to cover the operational costs. However, if a deficit exists after these charges are collected, each participating municipality will be requested to make an additional contribution based on the above percentages to make up the deficit. A separate audit is conducted of the Chain of Lakes Area Utility Authority.

Financial statements can be obtained by writing to Chain of Lakes Area Utility, PO Box 456, White Cloud, Michigan 49349.

#### JOINTLY GOVERNED ORGANIZATIONS

Joint Cemetery Board--Everett Township and Big Prairie Township have entered into an agreement to create a joint cemetery board. Both township boards are members of the cemetery's board. The township's financial responsibility is to contribute on an annual basis, a sum equal to .2436 mills of the aggregate taxable value of taxable real and personal property. Both townships share equally in the cost of operations. For the year ended March 31, 2007, Everett township contribution amounted to \$9,399.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Municipal Street Fund accounts for the township millage revenue which is reserved for the road improvements of the township.

Fire Fund accounts for the township millage revenue which is reserved for the operation of the fire department.

Parks and Recreation Fund accounts for the charges for services received and expenditures paid for the operation of the township's recreation programs.

Additionally, the township reports the following fund type:

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted first, then unrestricted resources as they are needed.

#### Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

#### Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements, outstanding at the end of the fiscal year, are referred to as either "inter-fund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Building	20 to 40 years
Computers	3 to 5 years
Equipment	3 to 10 years
Furnitures and Fixtures	5 to 10 years

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### Budgets and Budgetary Accounting

Budgets are adopted by the township board for the general and special revenue funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget is adopted at the activity level and control is exercised at the activity level. The township board monitors and amends the budgets as necessary. Unexpended appropriations lapse at year end.

The budgeted revenues and expenditures for governmental fund types, as presented in Exhibits G, H, I and J for the major funds, include the original adopted budget and any authorized amendments to the original budget.

EVERETT TOWNSHIP--NEWAYGO COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of Expenditures over Appropriations in Budgeted Funds

Public Act 2 of 1968, as amended, requires the legislative body to adopt a general appropriations act for the budget of the General Fund and each special revenue fund. The act also requires that amendments be approved as needed to prevent actual expenditures from exceeding those provided for in the General Appropriations Act. During the year ended March 31, 2007, there were no expenditures that were incurred in excess of the final amended budgets.

NOTE C--CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits are carried at cost. Deposits of the township are at two banks in the name of the township. The investment policy adopted by the board in accordance Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits are in accordance with statutory authority.

The risk disclosures for the township's deposits at March 31, 2007, as required by the Governmental Accounting Standards Board (GASB) Statement No. 40, are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$ 407,858</u>	<u>\$ 49,008</u>	<u>\$ 456,866</u>
Total	<u><u>\$ 407,858</u></u>	<u><u>\$ 49,008</u></u>	<u><u>\$ 456,866</u></u>

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE C--CASH AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

Bank Deposits (Checking and Savings Accounts and Certificates of Deposit)	\$456,667
Petty Cash	<u>200</u>
Total	<u><u>\$456,867</u></u>

The bank balances of the primary government's deposits are \$458,599, of which \$131,851 is covered by Federal depository insurance.

#### Investments Authorized by the Township's Investment Policy

The township's investment policy only authorizes investment in all those that are authorized by law. The township's investment policy does not limit its exposure to interest rate risk, credit risk, and concentration of credit risk.

The township has limited its investments to certificates of deposits.

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the township manages its exposure to interest rate risk is by purchasing certificates of deposit at more than one bank.

#### Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The pension trust funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the county's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE C--CASH AND INVESTMENTS (Continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the county's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

#### NOTE D--PROPERTY TAXES

The township property taxes are levied on each December 1st on the taxable valuation of property located in the township as of the preceding December 31st. It is the township's policy to recognize revenues in the current year when the proceeds are budgeted and made available for the financing of township operations. Payments from the county for the 2006 delinquent taxes, which are purchased subsequent to March 31, are recorded as delinquent taxes receivable in the general and special revenue funds.

The 2006 taxable value of Everett Township amounted to \$38,155,923, on which ad valorem taxes of .8134 mills were levied for township operating purposes; 2.9240 mills for street operations; 1.462 mills for fire protection; and .2436 mills for cemetery operations.

The 2006 current tax levy raised \$31,036 for township operating; \$111,568 for street operations; \$55,784 for fire protection; and \$9,295 for cemetery operations. These taxes are recorded as revenue on township records in and for the fiscal year ended March 31, 2007 in the respective general and special revenue funds.

#### Taxes Receivable--Delinquent

The taxes receivable delinquent in the general and special revenue funds consist of uncollected real property taxes levied December 1, 2006, which have not been collected at March 31, 2007. The delinquent property taxes are as follows: General Fund, \$5,477; Municipal Street Fund, \$19,691; Fire Fund, \$9,845; and Cemetery Fund, \$1,639.



EVERETT TOWNSHIP--NEWAYGO COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE E--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of the interfund receivables and payables as of March 31, 2007 equal zero.

The 2007 operating transfers can be summarized as follows:

	<u>Transfers In</u>		<u>Transfers (Out)</u>
Municipal Street	\$ 25,860	General	\$ 35,860
Non-Major	<u>10,000</u>		<u>          </u>
Total	<u>\$ 35,860</u>		<u>\$ 35,860</u>

NOTE F--CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 102,772			\$ 102,772
Subtotal	<u>102,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>102,772</u>
Capital Assets Being Depreciated				
Buildings	85,569		6,075	79,494
Computers	18,970	1,089		20,059
Equipment	13,089	565		13,654
Furnitures and Fixtures	<u>26,955</u>	<u>281</u>	<u>          </u>	<u>27,236</u>
Total	<u>144,583</u>	<u>1,935</u>	<u>6,075</u>	<u>140,443</u>
Less Accumulated Depreciation				
Buildings	23,452	2,518	199	25,771
Computers	14,013	2,470		16,483
Equipment	11,385	977		12,362
Furnitures and Fixtures	<u>20,294</u>	<u>1,390</u>	<u>          </u>	<u>21,684</u>
Total	<u>69,144</u>	<u>7,355</u>	<u>199</u>	<u>76,300</u>
Net Capital Assets Being Depreciated	<u>75,439</u>	<u>(5,420)</u>	<u>5,876</u>	<u>64,143</u>
Total Net Capital Assets	<u>\$ 178,211</u>	<u>\$ (5,420)</u>	<u>\$ 5,876</u>	<u>\$ 166,915</u>

The depreciation expense was \$7,355 during the year.

# EVERETT TOWNSHIP--NEWAYGO COUNTY

## NOTES TO FINANCIAL STATEMENTS

### NOTE F--CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	\$ 6,341
Public Works	433
Recreational and Cultural	<u>581</u>
Total Governmental Activities	<u><u>\$ 7,355</u></u>

### NOTE G--DEFINED CONTRIBUTION PENSION PLAN

Everett Township provides pension benefits to the township board consisting of supervisor, clerk, treasurer, and two trustees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The township has executed an agreement with John Hancock Financial Services to provide a pension plan known as The John Hancock Financial Defined Contribution Plan for Governmental Employees. Under this plan, the township contributes 20% of employees' gross earnings and the employees are not required to contribute to the plan. The township contributed \$11,501 for plan members during the fiscal year ended March 31, 2007, in accordance with these plan requirements.

### NOTE I--RISK MANAGEMENT

Everett Township is exposed to various risks of loss related to property loss, torts, and errors and omissions, and employee injuries (workers' compensation). The township participates in the Michigan Townships' Participating Plan for the following various policies: general liability, property, vehicle and fire. The township has insurance with the Accident Fund Company for workmens' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township's Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

**EVERETT TOWNSHIP--NEWAYGO COUNTY  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended March 31, 2007**

**EXHIBIT G**

	<b>BUDGETED AMOUNTS</b>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and Penalties	\$ 29,000	\$ 29,000	\$ 32,524	\$ 3,524
Licenses and Permits	-	-	415	415
State Grants	150,000	150,000	149,644	(356)
Charges for Services	-	-	2,230	2,230
Interest and Rentals	7,000	7,000	9,845	2,845
Other Revenue	-	-	3,990	3,990
Total Revenues	186,000	186,000	198,648	12,648
Expenditures				
Current				
General Government	120,775	121,275	101,990	19,285
Public Safety	800	800	750	50
Public Works	400	400	348	52
Health and Welfare	1,000	2,000	2,000	-
Community and Economic Development	51,350	51,350	39,087	12,263
Other	35,315	33,815	16,330	17,485
Capital Outlay	50,000	49,140	1,371	47,769
Total Expenditures	259,640	258,780	161,876	96,904
Excess of Revenues Over (Under) Expenditures	(73,640)	(72,780)	36,772	109,552
Other Financing Sources (Uses)				
Interfund Transfers (Out)	(35,000)	(35,860)	(35,860)	-
Total Other Financing Sources (Uses)	(35,000)	(35,860)	(35,860)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(108,640)	(108,640)	912	109,552
Fund Balance--April 1, 2006	212,910	212,910	156,687	(56,223)
Fund Balance--March 31, 2007	\$ 104,270	\$ 104,270	\$ 157,599	\$ 53,329

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**MUNICIPAL STREET DEPARTMENT**  
**MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT H**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 100,000	\$ 100,000	\$ 112,838	\$ 12,838
State Grants			2,914	2,914
Other				-
Total Revenues	100,000	100,000	115,752	15,752
Expenditures				
Public Works	250,000	250,860	25,898	224,962
Total Expenditures	250,000	250,860	25,898	224,962
Excess of Revenues Over (Under) Expenditures	(150,000)	(150,860)	89,854	240,714
Other Financing Sources (Uses)				
Interfund Transfers In	25,000	25,860	25,860	-
Total Other Financing Sources (Uses)	25,000	25,860	25,860	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(125,000)	(125,000)	115,714	240,714
Fund Balance--April 1, 2006	186,141	133,364	133,364	-
Fund Balance--March 31, 2007	\$ 61,141	\$ 8,364	\$ 249,078	\$ 240,714

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE DEPARTMENT--MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT I**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 51,000	\$ 56,604	\$ 56,443	\$ (161)
Total Revenues	51,000	56,604	56,443	(161)
Expenditures				
Public Safety	51,000	56,604	56,443	161
Total Expenditures	51,000	56,604	56,443	161
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance--April 1, 2006	-	-	-	-
Fund Balance--March 31, 2007	\$ -	\$ -	\$ -	\$ -

**EVERETT TOWNSHIP--NEWAYGO COUNTY  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
PARKS AND RECREATION  
MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2007**

**EXHIBIT J**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charge for Services			\$ 260	\$ 260
Other			4,433	4,433
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>4,693</u>	<u>4,693</u>
Expenditures				
Recreational and Cultural	7,500	6,900	4,716	2,184
Capital Outlay		600	565	35
Total Expenditures	<u>7,500</u>	<u>7,500</u>	<u>5,281</u>	<u>2,219</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,500)</u>	<u>(7,500)</u>	<u>(588)</u>	<u>6,912</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(7,500)</u>	<u>(7,500)</u>	<u>(588)</u>	<u>6,912</u>
Fund Balance--April 1, 2006	<u>52,806</u>	<u>51,946</u>	<u>51,946</u>	<u>-</u>
Fund Balance--March 31, 2007	<u>\$ 45,306</u>	<u>\$ 44,446</u>	<u>\$ 51,358</u>	<u>\$ 6,912</u>

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**March 31, 2007**

**EXHIBIT K**

	Cemetery	Transfer Station	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalent		\$11,746	\$ 11,746
Delinquent Taxes Receivable	\$1,639		1,639
Prepaid Expenses		441	441
	<hr/>		
Total Assets	\$1,639	\$12,187	\$ 13,826
	<hr/>		
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities			
Accounts Payable		\$ 220	\$ 220
Due to Other Townships	\$1,639		1,639
Other Accrued Liabilities		344	344
	<hr/>		
Total Liabilities	1,639	564	2,203
	<hr/>		
Fund Equity			
Fund Balance	-	11,623	11,623
	<hr/>		
Total Fund Equity	-	11,623	11,623
	<hr/>		
Total Liabilities and Fund Equity	\$1,639	\$12,187	\$ 13,826
	<hr/>		

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2007**

**EXHIBIT L**

	Cemetery	Transfer Station	Total
Revenues			
Property Taxes	\$9,399		\$ 9,399
Charges for Services		\$12,061	12,061
Total Revenue	9,399	12,061	21,460
Expenditures			
General Government	9,399		9,399
Public Works		23,934	23,934
Capital Outlay		-	-
Total Expenditures	9,399	23,934	33,333
Excess of Revenues Over (Under) Expenditures	-	(11,873)	(11,873)
Other Financing Sources (Uses)			
Transfers In		10,000	10,000
Total Other Financing Sources (Uses)	-	10,000	10,000
Excess of Revenues and Other Sources Over (Under) Exenditures	-	(1,873)	(1,873)
Fund Balance--April 1, 2006	-	13,496	13,496
Fund Balance--March 31, 2007	\$ -	\$11,623	\$ 11,623



**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**SCHEDULE OF REVENUES AND OTHER SOURCES**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT M**

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Property Taxes				
Current Property Taxes	\$ 29,000	\$ 29,000	\$ 25,476	\$ (3,524)
Delinquent Real Taxes	-	-	5,477	5,477
Delinquent Personal Taxes	-	-	34	34
National Forest Reserve Tax	-	-	1,139	1,139
Industrial Facilities Tax	-	-	398	398
Total Property Taxes	29,000	29,000	32,524	3,524
Licenses and Permits				
Franchise Fees	-	-	415	415
Total Licenses and Permits	-	-	415	415
State Grants				
Revenue Sharing	150,000	150,000	149,644	(356)
Total State Grants	150,000	150,000	149,644	(356)
Charge for Services				
Planning Commission Fees	-	-	1,475	1,475
ZBA Fees	-	-	600	600
Land Split	-	-	50	50
Summer Tax Collection	-	-	-	-
Other Charges for Services	-	-	105	105
Total Charge for Services	-	-	2,230	2,230
Interest and Rentals				
Interest	1,000	1,000	3,845	2,845
Rent	6,000	6,000	6,000	-
Total Interest and Rentals	7,000	7,000	9,845	2,845
Other Revenue				
Other	-	-	3,990	3,990
Total Other Revenue	-	-	3,990	3,990
Total Revenue	\$186,000	\$ 186,000	\$ 198,648	\$12,648

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT N**

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Township Board	\$ 12,000	\$ 12,000	\$ 10,636	\$ 1,364
General Expenses	4,200	4,200	3,572	628
Supervisor	21,600	21,600	17,876	3,724
Elections	3,000	3,500	3,309	191
Audit	-	-	-	-
Assessor	16,200	16,200	16,151	49
Attorney Fees	5,000	5,000	2,791	2,209
Clerk	23,700	23,700	18,666	5,034
Board of Review	1,575	1,575	1,281	294
Treasurer	21,000	21,000	17,703	3,297
Data Processing	2,500	2,500	1,994	506
Building and Grounds	10,000	10,000	8,011	1,989
Total General Government	120,775	121,275	101,990	19,285
Public Safety				
Fire Prevention	800	800	750	50
Ordinance Enforcement	-	-	-	-
Total Public Safety	800	800	750	50
Public Works				
Drain-at-Large Assessments	100	100	13	87
Street Lights	300	300	335	(35)
Total Public Works	400	400	348	52
Health and Welfare				
Veterans Memorial	1,000	2,000	2,000	-
Total Health and Welfare	1,000	2,000	2,000	-
Community and Economic Development				
Zoning Administrator	15,300	15,300	13,885	1,415
Planning Commission	32,600	32,600	24,386	8,214
Zoning Board of Appeals	2,450	2,450	816	1,634
Community Development	1,000	1,000	-	1,000
Total Community and Economic Development	51,350	51,350	39,087	12,263
Other				
Employer's Share of Withholdings	-	-	-	-
Workers' Compensation	1,000	1,000	573	427
Pension	4,015	4,015	4,013	2
Insurance and Bonds	10,300	12,400	11,744	656
Contingencies	20,000	16,400	-	16,400
Total Other	35,315	33,815	16,330	17,485
Capital Outlay	50,000	49,140	1,371	47,769
Total Capital Outlay	50,000	49,140	1,371	47,769
Other Financing Sources				
Operating Transfers (Out)				
Municipal Street	25,000	25,860	25,860	-
Park	-	-	-	-
Transfer Station	10,000	10,000	10,000	-
Total Other Financing Source	35,000	35,860	35,860	-
Total Expenditures and Other Financing Uses	\$ 294,640	\$ 294,640	\$ 197,736	\$ 96,904

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**March 31, 2007**

**EXHIBIT O**

	<b>AGENCY FUND</b>		<b>PENSION TRUST FUND</b>	
	Trust and Agency	Tax Collection	Pension Trust	Total
<b><u>ASSETS</u></b>				
Assets				
Cash	\$ 559		\$48,449	\$49,008
Total Assets	\$ 559	\$ -	\$48,449	\$49,008
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities				
Due to State of Michigan	\$ 559			\$ 559
Total Liabilities	559	\$ -	\$ -	559
Fund Equity				
Reserved for Retirement Benefits			48,449	48,449
Total Fund Equity	-	-	48,449	48,449
Total Liabilities and Fund Equity	\$ 559	\$ -	\$48,449	\$49,008

**EVERETT TOWNSHIP--NEWAYGO COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES--AGENCY FUNDS**  
**For the Year Ended March 31, 2007**

**EXHIBIT P**

	Balance 04/01/06	Additions	Deductions	Balance 03/31/07
<b><u>TRUST AND AGENCY FUND</u></b>				
Assets				
Cash	\$ 1,407	\$ 40,096	\$ 40,944	\$ 559
Total Assets	\$ 1,407	\$ 40,096	\$ 40,944	\$ 559
Liabilities				
Due to County		\$ 197	\$ 197	-
Due to State of Michigan	\$ 755	2,831	2,955	\$ 631
Due to Other Units of Government	652	1,099	1,823	(72)
Due to Schools		1,257	1,257	-
Due to Other Funds		33,997	33,997	-
Total Liabilities	\$ 1,407	\$ 39,381	\$ 40,229	\$ 559
<b><u>TAX COLLECTION FUND</u></b>				
Assets				
Cash	\$ 142	\$ 1,391,799	\$ 1,391,941	-
Total Assets	\$ 142	\$ 1,391,799	\$ 1,391,941	\$ -
Liabilities				
Due to County		\$ 437,600	\$ 437,600	-
Due to State of Michigan		17,592	17,592	-
Due to Schools and Colleges		673,460	673,460	-
Due to Other Units of Government		85,300	85,300	-
Due to Other Funds	\$ 142	176,574	176,716	-
Tax Overpayments		1,273	1,273	-
Total Liabilities	\$ 142	\$ 1,391,799	\$ 1,391,941	\$ -



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

September 13, 2007

Township Board  
Township of Everett  
P.O. Box 979  
White Cloud, Michigan 49349

RE: Report on Internal Control Over Financial Reporting and Compliance and  
Other Matters Based on an Audit of the Financial Statements Performed in  
Accordance With Government Auditing Standards

Dear Board Members:

We have audited the financial statements of the Everett Township, Newaygo County, Michigan, as of and for the year ended March 31, 2007, and have issued our report thereon dated September 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Everett Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and but not for the purpose of expressing an opinion on the effectiveness of Everett Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Everett Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that could adversely affect the township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the

township's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting which are listed as 2007-01 through 2007-03.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Everett Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Everett Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings as items 2007-01 through 2007-07.

This report is intended solely for the information of the Everett Township Board, the Township's management and others within the County of Newaygo, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### SCHEDULE OF FINDINGS

#### STATUTORY NONCOMPLIANCE

##### Payment of Funds for a Veterans' Memorial

*Finding 2007-01*

*Condition:* We noted in our audit that the township paid \$2,000 for a Veterans' Memorial to Big Prairie-Everett Township Cemetery without a written agreement.

*Criteria:* MCL 35.861 states in part: "It shall be lawful for, and the several townships in the state of Michigan are hereby authorized and empowered to own and acquire by gift or purchase, land for the purpose of erecting thereon a suitable memorial to soldiers and sailors of any 1 or more of the wars in which the United States of America has been a participant,..."

MCL 35.851 states in part: "When any township, incorporated village, city, or county, in which a veterans' memorial or monumental building or structure is proposed to be erected, desires to erect or to unite with another township or townships, village or villages, city or cities and county or counties in the erection of such veterans' memorial building or structure, each such county, township, village or city shall have the right to aid and assist in the construction and building of the same to the same extent as though such building or structure was to be used solely for such township, village and city or county purposes, and each such township, village, city or county shall have power, and they are hereby authorized to contract with each other and thereby determine the proportions that each said township, village, city or county shall pay towards the construction of said building or structure, the architecture and arrangement of the same, and the separate portions respectively, which shall be occupied or used by the respective parties to such contract. The erection of a veterans' memorial or monumental building or structure is hereby declared to be a township, village, city or county purpose." (Emphasis added)

*Directive:* We direct the township to enter into a written agreement with Big Prairie Township for the construction and accounting of funds for the veterans' memorial in accordance with the statute.

##### Compensation to Board Members

*Finding 2007-02*

*Condition:* We found that the board members were receiving additional compensation over and above their allowable salary and/or per diems. The additional compensation was for attendance at other meetings that were not township meetings. Some of the meetings attended were for the Fire Board, District Library, Cemetery Board and/or meetings of other boards.

*Criteria:* Trustees in either a general law or charter township may draw both salary and per diem or per meeting compensation for performing statutorily related duties.

For general law townships, MCL 41.95(2) states: "A trustee may receive, in addition to the annual salary for his or her service to the township, a sum for each meeting of the board actually attended by the trustee, as established by the township board, to be paid upon authorization of the township board. The supervisor, clerk and treasurer shall receive no additional compensation for attending meetings of the township board."

## EVERETT TOWNSHIP--NEWAYGO COUNTY

### SCHEDULE OF FINDINGS

#### STATUTORY NONCOMPLIANCE (Continued)

*Directive:* The township board should authorize attendance at meetings that would benefit the governance of the township and establish the amounts to be paid upon authorization of the board. Further, the board should establish the procedures to be followed in reporting back to the board for the attendance at the authorized meeting.

#### Board Meetings in Closed Session

*Finding 2007-03*

*Condition:* We found in review of the board minutes that the purpose for going into the closed session was not stated as provided for in the Open Meetings Act.

*Criteria:* MCL 15.268 states: “A public body may meet in a closed session only for the following purposes:

- (a) To consider the dismissal, suspension, or disciplining of, or to hear complaints or charges brought against, or to consider a periodic personnel evaluation of, a public officer, employee, staff member, or individual agent, if the named person requests a closed hearing. A person requesting a closed hearing may rescind the request at any time, in which case the matter at issue shall be considered after the rescission only in open sessions.
- (b) To consider the dismissal, suspension, or disciplining of a student if the public body is part of the school district, intermediate school district, or institution of higher education that the student is attending, and if the student or the student's parent or guardian requests a closed hearing.
- (c) For strategy and negotiation sessions connected with the negotiation of a collective bargaining agreement if either negotiating party requests a closed hearing.
- (d) To consider the purchase or lease of real property up to the time an option to purchase or lease that real property is obtained.
- (e) To consult with its attorney regarding trial or settlement strategy in connection with specific pending litigation, but only if an open meeting would have a detrimental financial effect on the litigating or settlement position of the public body.
- (f) To review and consider the contents of an application for employment or appointment to a public office if the candidate requests that the application remain confidential. However, except as otherwise provided in this subdivision, all interviews by a public body for employment or appointment to a public office shall be held in an open meeting pursuant to this act. This subdivision does not apply to a public office described in subdivision (j).



EVERETT TOWNSHIP--NEWAYGO COUNTY

SCHEDULE OF FINDINGS

STATUTORY NONCOMPLIANCE (Continued)

- (g) Partisan caucuses of members of the state legislature.
- (h) To consider material exempt from discussion or disclosure by state or federal statute.

*Directive:* The board minutes must document the purpose of the closed session. All decisions based on information from the closed session must be made in a meeting that is open to the public.